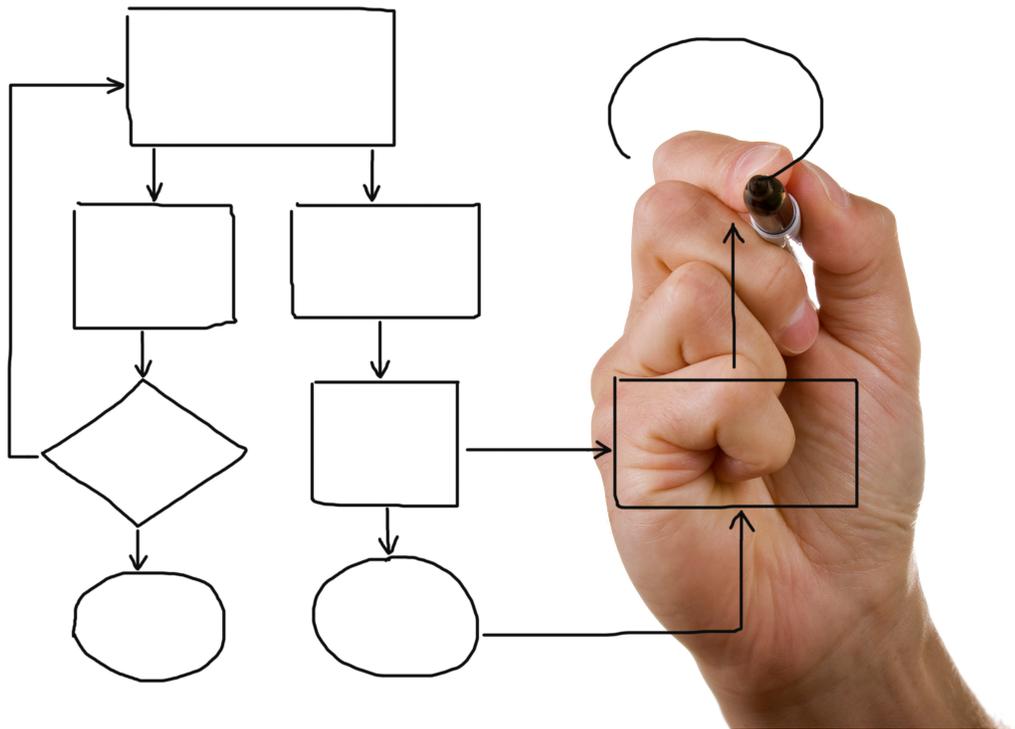


6 Things You Must Know **Before** You Buy Business Process Software



By The Process Consultant

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Executive Summary

Most executives are interested in finding ways to improve their operations and reduce costs. One approach is to explore using software to support and enforce process refinements. Many vendors of business process and workflow software promise their products can help.

But Business Process Management (BPM) software is expensive, and it can be lengthy and disruptive to implement. Your key people may resist it. Before you buy, it's wise to make sure that the processes you intend to automate can truly benefit from this software.

This white paper examines the following observations from noted business experts and analysts:

- #1. BPM software only works for **structured** processes.
- #2. Most of what knowledge workers do is **unstructured**.
- #3. The most **valuable** business processes are **unstructured**.
- #4. Your **key people** will likely **resist** BPM.
- #5. The middle ground is a **framework**.
- #6. Your key people will **welcome** a framework—if it's presented correctly.

After reading this white paper, you will have a realistic understanding of whether business process software can actually help your company. And you will be aware of an alternative that can generate better results with less cost, less disruption, and less risk.

Introduction: Look before you leap

Like you, many forward-thinking executives are seeking ways to make their internal processes more efficient, with the goal of higher productivity, lower costs, and better results. The question is: How?

A whole industry has grown up to provide software to help meet this challenge, under the umbrella name Business Process Management (BPM). BPM includes many different types of software:

- Case management
- Document management
- Form management
- Process mapping or diagramming
- Workflow management.

BPM software has existed for many years. Today BPM is marketed as **the** way to optimize the internal processes of any company. BPM vendors claim to have solutions for every size of company in every sector of the economy.

But any BPM implementation is essentially an IT project. And unfortunately, far too many of these projects fail to deliver a fraction of the benefits they originally promised.

For example, The Standish Group in Boston has studied thousands of IT projects. In 2009, Standish reported that only one in three IT projects were successful; the other 68% ran over-budget or over-time, did not deliver specified features, or were cancelled outright.¹



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BPM projects are not immune to these challenges. They can suffer from exactly the same well-documented failures as any other ambitious IT project.

This white paper suggests why that could happen. The goal is to help you to understand whether BPM software can actually help your company... and to introduce a proven alternative that can generate better results faster and for less cost with less risk.

#1: BPM only works for structured processes

WHAT IS A STRUCTURED PROCESS? A structured process is like an assembly line: a fixed set of steps done in pre-defined sequence to achieve a known result. A structured process is routine, repetitive, and predictable. It follows a known path and generates a uniform type of output: a widget, a car muffler, or an approved expense claim.

A structured process depends on employees following set procedures; in many cases, their labor can be replaced by automated systems. Little information is required or generated along the way.

Some examples of a structured process include:

- On-boarding a new hire
- Processing an expense claim
- Filling an order received online
- Approving a credit card application.

BPM software grew out of process engineering, with its root in the assembly-line manufacturing that was the predominant business model 50 years ago.

To streamline a structured process like an assembly line, traditional BPM software is wonderful. The cost involved in mapping and refining each process can be justified by the many uniform repetitions of that process. The BPM industry is mature, with many vendors and competitive offerings to choose from.

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But like everything, BPM software has its limits. Current software is not designed to support unstructured processes. If you seek to automate a process that is not structured and not frequently repeated, you may not see an acceptable ROI.

"Because routine work is so repeatable, it can be automated by traditional process automation," writes software industry veteran Keith Swenson. But unstructured processes are the exact opposite. "Knowledge work is not routine—it does not have the level of repeatability found in routine work,"² he notes.

BPM software only saves costs on highly structured and repetitive processes. A knowledge-based transaction can present so many exceptions and variances that there is nothing to be gained by automating it.

#2: Most of what knowledge workers do is unstructured

WHAT IS AN UNSTRUCTURED PROCESS? An unstructured process is like a pinball machine: an unknown number of steps that occur in unpredictable sequence and cause uncertain results.

An unstructured process has many branches, calls for flexible routing, and generates variable results. An unstructured process depends on the knowledge, judgment and creativity of employees; that makes it difficult to automate.

An unstructured process is seldom repeated, or else repeated with different paths and outcomes. A lot of information is required and generated along the way. For best results, employees must see the big picture and understand the roles, responsibilities, priorities, and deadlines of themselves and others.

Some examples of an unstructured process include:

- Hiring a new CFO
- Selecting a new creative agency
- Rewriting a company website
- Taking care of an unhappy customer.

In today's information economy, knowledge workers are expected to be creative problem-solvers who "think outside the box" to innovate and add value. That's completely different from how their grandfathers were expected to act on the assembly line.

"Older process automation approaches based on traditional mass-production concepts no longer fit an era of people-driven processes," observes research firm Forrester.³

What has changed in the past half-century?

For one thing, office workers today juggle many tasks to adapt to rapidly changing circumstances. Activities are routinely "fast-tracked" or "put on the back burner" to match ever-shifting priorities. Reflecting this reality, analysts have coined new labels for anyone with a PC on their desk, including "gold-collar worker" and "iWorker."

In fact, most of what knowledge workers do in offices today is unstructured. Depending who you ask, experts say between 60% and 80% of all processes in most organizations are ad-hoc.

For example, at a 2009 conference, Gartner analysts said as much as 60% of all business processes are unstructured. Research compiled by McKinsey showed up to 70% of the work in some sectors is unstructured (what they call "tacit"), as shown in the following table.⁴ This ratio is even higher in creative industries like design, entertainment, fashion, publishing, and software.

Sector	Unstructured
Health care	70%
Insurance	63%
Securities	60%
Retail	45%
Utilities	30%

Source: McKinsey Quarterly, 2006 number 2

The reality in most organizations today is that unstructured processes are more common than structured. Even BPM software vendors will admit that most processes in knowledge-based sectors are unstructured.

The assembly line is no longer a useful model for today's economy. A better analogy is a pinball machine, where a transaction bounces from person to person in an unpredictable path with an uncertain outcome.

A clear majority of the business processes in your company are probably unstructured; yet these are the hardest to automate with BPM software.

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THE LIMITS OF BPM SOFTWARE Imagine how difficult it would be to predict and control the path of every ball that falls through a pinball machine. Yet this is what BPM software tries to do. Here are some specific areas where BPM software does not deal effectively with unstructured processes:

- BPM **wastes hours** trying to "map the unmappable"
- BPM emphasizes **rote activities** over people, yet people drive unstructured processes
- BPM cannot handle the many **exceptions** in unstructured processes
- BPM ignores the fact that office workers handle **many concurrent processes**
- BPM tries to predict activities, paths, and resources that **change every time** an unstructured process is repeated.

#3: The most valuable business processes are unstructured

If people are the company's most important asset, that is because the knowledge, experience, judgment, and creativity of those people come together to solve problems for customers and add value to the organization.

Rote work seldom creates value. Any task that can be reduced to a predictable set of steps can often be done by machine, delegated to less skilled workers, or outsourced to a lower-cost region.

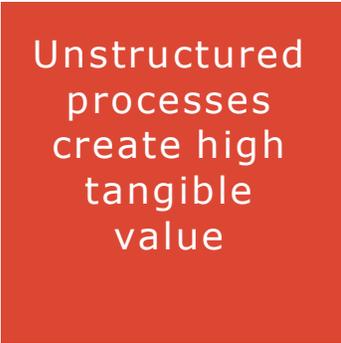
On the other hand, unstructured processes can create high value, as when a customer complaint is resolved and that customer goes on to tell 20 other people how well your company treated her.

In fact, there is a growing awareness that any process that calls for knowledge and judgment is vital to creating competitive advantage.

These are the processes that truly add value and are worth investing in. Improving unstructured processes can yield tangible benefits such as lower costs, better quality, and higher employee satisfaction.

Why hire people for their judgment and creativity, train them extensively, and then constrain them processes that leave no room for initiative? Unfortunately, this is precisely what BPM does when applied to an unstructured process.

The most valuable business processes in your company are unstructured. Yet, these are the hardest to automate with BPM software.



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#4: Your key people will likely resist BPM

The first step in any BPM project is an attempt to map the current processes so they can be improved and streamlined with the new system.

This is traditionally done by gathering employees together with a consultant who interview them to draw out what they do on the job. In other words, management asks a group of workers to reduce their jobs to a set of rote tasks that can be plugged into a new system.

Do you believe those employees will be cooperative? Not very likely. Instead, many will be thinking, "I'm not going to tell him what I do when **this** happens, or **that**. I don't want any new system anyway."

The result can be a simplistic map that does not show the many exceptions, branch points, and ad hoc decisions that employees encounter during any unstructured process.

"Human nature... is the biggest barrier to companies adopting successful BPM strategies," says ComputerWeekly, quoting a Forrester analyst. "Cultural resistance tends to be a 'bottom-up' phenomenon that occurs when people in individual work groups sabotage improvement efforts."⁵

Whenever management decides to map a company's processes, your most creative employees may suspect you're measuring them for a strait jacket. They may feel the organization is threatening to take away their autonomy. They may become de-motivated or start looking for another job. They may even jump to a competitor who can see an unstructured process for what it really is: a pinball machine, not an assembly line.

In other words, the most creative people handling the most unstructured processes that add the most value to a company are most likely to resist any attempt to bring in BPM software. After all, they've got the most to lose: their autonomy, initiative, and independent problem-solving skills.

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#5: The middle ground is a framework

You may now see why perhaps moving to BPM would be too limiting. But some executives feel that they've got to do something about some part of the company that just isn't working right. Is there any middle ground between utter rigidity and total chaos?

Fortunately there is, and it's called a **framework**. The goal of a framework is to give knowledge workers a realistic measure of autonomy within some clear guidelines.

A framework does not pretend that unstructured processes are like an assembly line. A framework does not try to predict or constrain the path of the balls through the pinball machine.

Instead, a disciplined framework lets individual employees decide which activities are necessary and which pathways to follow to meet the requirements of their jobs. If they've handled a certain process before, they can repeat what worked last time. They can also branch, ask for information or resources, or innovate at any point.

The balance between rigidity and chaos is created by providing ample information, empowering employees to make decisions, setting clear expectations, and spelling out what is acceptable to the company.

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WHAT IS A FRAMEWORK? A framework is a company document that spells out the roles, responsibilities, and expectations for every employee. A framework covers these items:

- The role of each person, team, or department
- The expectations of other people and teams for each employee
- The expectations of managers for each employee
- A list of possible activities, paths, and resources
- Who to ask about what.

In other words, a framework is something like "The Official Company Guide to Playing Pinball." It's a manual that describes the rules and how to play it without shaking the game so hard it tilts.

#6: Your key people will welcome a framework—if it's presented correctly

Remember those employees mapping out their processes in detail? Now imagine asking them to help draw up an overall framework for how they do their jobs.

This "rulebook" will clearly spell out who does what, what everyone's expectations for them are, and how the company defines acceptable behavior. One way to draw up a framework is to encourage each person to tell a story that begins, "In my role as a [job title], I [describe the high-level responsibilities and activities of that job]."

After some initial suspicions, even the most valuable and creative people will likely realize the company is not trying to put them in a strait jacket, take away their autonomy, nor limit their decision-making.

On the contrary, the goal is to make everyone's jobs clearer and easier.

An effective framework can help generate many positive results, from reduced costs to better customer service to higher employee satisfaction. And as you can imagine, developing an effective framework is far less expensive, less disruptive, and less risky than buying and implementing BPM software.

Developing a
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Conclusions

BPM software was designed for yesterday's assembly lines, not today's knowledge-based economy. Most high-value business processes handled by office workers are not easy to map, streamline, or automate. Many creative knowledge workers instinctively resist any attempt to impose BPM software.

There is a middle ground between rigid processes and total chaos. A disciplined framework can clarify responsibilities and give employee autonomy within clear overall guidelines. And taking this approach can help improve productivity at much less cost and risk than buying BPM software.

To find out more about how your company can improve your processes without costly BPM software, contact Ian James on 412 945 0102

ABOUT THE AUTHOR Ian James is an independent process consultant based in Pittsburgh, PA. He specializes in what he calls Flexible Process Management. He works with teams in organizations, large and small, across the US.

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